

# Budget Tidbits... just the facts

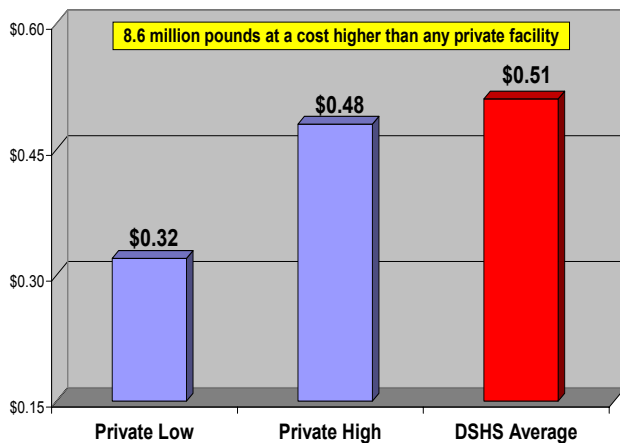
By Sen. Joe Zarelli, Ranking Republican  
Senate Ways & Means

## Budget Brief #6: Contracting Out (2/15/05)

- The 2005 Legislature has a unique opportunity – not available in prior years – to ensure services are provided at the best value to taxpayers. Beginning July 1<sup>st</sup>, the Legislature can solicit competitive bids on services historically performed by state employees.
  - Previously, competition had been illegal under a 1978 state Supreme Court ruling. Services could not be bid out to the private sector if they had historically been done by state employees and would result in the loss of state employee jobs.

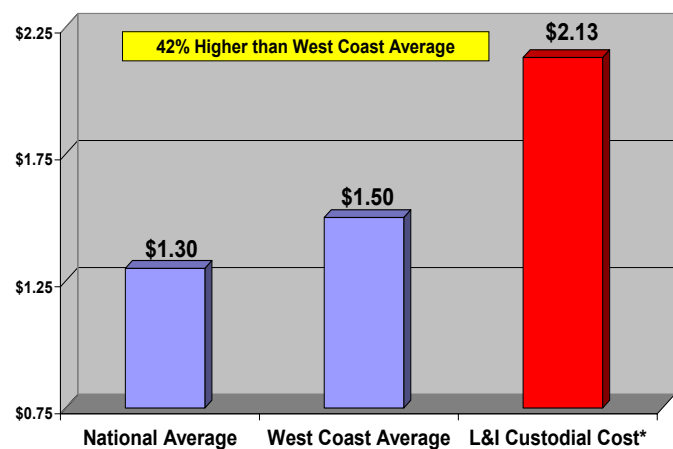
### **A. Potential for Savings from Competitive Bidding is Significant**

DSHS Institutional Laundry Services -- Price Per Pound



\* Source: Senate Ways & Means Committee, February 11, 2003 Committee Presentation

Custodial Services -- Annual Cost Per Square Foot



\* Source: Senate Ways & Means Committee, February 11, 2003 Committee Presentation (L&I as example agency of custodial costs)

- Laundry and custodial services are just two savings examples. All told, legislative estimates place savings of only the “most reliable” options at potentially over \$100 M.<sup>1</sup>

### **B. Collective Bargaining and Competitive Bidding are Linked**

- Collective bargaining for state employees and competitive bidding were passed together, ostensibly as a trade-off: greater efficiencies would yield greater compensation.
  - Collective bargaining is expected to cost taxpayers over \$200 M in this budget.
  - Whether the Legislature will employ competitive bidding to save taxpayers money is unclear.

### Bottom Line

Competition keeps prices low and quality high. Shouldn't the Legislature utilize this chance to ensure services are provided in the most cost-effective and efficient way available?

1. Source: Ways & Means Committee, “Privatization: Contracting Out State Services” (12/3/2002)